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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/076,205	02/14/2002	Steven R. Selesny	10251-059	8594

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EXAMINER

KOPPIKAR, VIVEK D

ART UNIT PAPER NUMBER

3626

DATE MAILED: 05/20/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

10/076,205

Applicant(s)

SELESNY ET AL.

Examiner

Vivek D Koppikar

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*mw*

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 14 February 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-31 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-31 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 14 February 2002 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)                        | 4) <input type="checkbox"/> Interview Summary (PTO-413)                     |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)               | Paper No(s)/Mail Date. _____  |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date <u>4 and 5</u> .   | 6) <input type="checkbox"/> Other: _____                                    |

## **DETAILED ACTION**

### ***Status of the Application***

1. This communication is in response to the communication filed on February 14, 2002. The Information Disclosure Statement (IDS) filed by the applicants on July 23, 2002 has been acknowledged. Further, the petition to make special filed by the applicants on March 26, 2003 has been granted. Claims 1-31 are pending in this application and will be examined.

### ***Claim Rejections - 35 USC § 101***

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requires of this title.

3. Claims 1-15 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

### ***[Technological Arts Analysis]***

4. For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to

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pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

5. In the present case, the body of the claims merely recite a procedure for transferring risk from an insurance company to a reinsurance company and does not recite any technological features.

***[State Street Analysis]***

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. *["Usefulness" may be evidenced by, but not limited to, a specific utility of the claimed invention. "Concreteness" may be evidenced by, but not limited to, repeatability and/or implementation without undue experimentation. "Tangibility" may be evidenced by, but not limited to, a real or actual effect.]*

In the present case, the body of the claims recite do not produce a useful, concrete and tangible result in the art of insurance or reinsurance.

6. Claims 16-30 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claims 16-30 are directed towards an insurance policy for providing financial assistance which does not fall into any of the statutory classes of patentable subject matter which include any new and useful process, machines, method of manufacturing, or compositions of matter, or any new and useful improvement.

7. In order to overcome the above set forth 35 USC 101 rejections, the examiner recommends amending the claims to recite a computer and/or some other data processing technology.

***Claim Rejections - 35 USC § 103***

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 1, 16 and 31 are rejected under 35 U.S.C. 103(a) as being rejected by US Patent Application Publication 2002/0077866 to Javerlhac.

Javerlhac is directed towards an insurance method and specifically in one embodiment towards a reinsurance method (Section [0003]).

As per Claims 1, Javerlhac teaches a step of providing, by an insurer, an insurance policy having a risk limit, in exchange for a predetermined first premium from the insured entity, wherein the risk limit is the maximum monetary risk (Sections [0061] and [0065]).

Javerlhac teaches that the premium which is paid by the insured entity is reinvested to a first reinsurer or other investment vehicle (Section [0067]). The examiner takes the position that this step is analogous to transferring from one insurer (or reinsurer) to another reinsurer a portion of the risk. Javerlhac also teaches a step of transferring, from the insurer to a first reinsurer (or investment vehicle acting as a reinsurer), a variable portion of the risk limit, in exchange for a predetermined second premium (the predetermined second premium is the amount of money from the original premium that is invested) (Section [0067]). At the time of the invention, one skilled in the art would have been motivated to transfer the risk to a reinsurer, in order to

Javerlhac fails to teach the step of an insurance company transferring a portion of the risk to a reinsurer. However, Javerlhac teaches that the annual premium which is collected from the insured by the original insurance company can vary over the duration of the contract, in one embodiment. The examiner therefore takes the position that because the premium can vary the amount of money invested by the insurance company (which is also analogous to the amount of risk that is transferred to a reinsurer) can also vary in one embodiment or the variable portion can decrease over time (Section [0084]).

As per claim 16, which is directed towards an insurance policy for providing financial assistance against an occurrence of at least one specified event, Javerlhac teaches an insurance policy having a risk limit, in exchange for a predetermined first premium from the insured entity, wherein the risk limit is the maximum monetary risk (Sections [0061] and [0065]).

Javerlhac teaches that the premium which is paid by the insured entity is reinvested to a first reinsurer or other investment vehicle (Section [0067]). The examiner takes the position that this step is analogous to transferring from one insurer (or reinsurer) to another reinsurer a portion of the risk. Javerlhac also teaches a step of transferring, from the insurer to a first reinsurer (or investment vehicle acting as a reinsurer), a variable portion of the risk limit, in exchange for a predetermined second premium (the predetermined second premium is the amount of money from the original premium that is invested) (Section [0067]). At the time of the invention, one skilled in the art would have been motivated to transfer the risk to a reinsurer, in order to minimize the risk (the events being insured against) on any particular insurance company (entity).

Javerlhac fails to teach the step of an insurance company transferring a portion of the risk to a reinsurer. However, Javerlhac teaches that the annual premium which is collected from the insured by the original insurance company can vary over the duration of the contract, in one embodiment. The examiner therefore takes the position that because the premium can vary the amount of money invested by the insurance company (which is also analogous to the amount of risk that is transferred to a reinsurer) can also vary in one embodiment or the variable portion can decrease over time (Section [0084]).

As per claim 31, which is directed towards a data processing system for processing an insurance policy having a risk limit for providing financial assistance against an occurrence of at least one specified event, Javerlhac teaches a means wherein a processor which performs various computations regarding insurance and reinsurance policies (Figure 1 and Section [0048]). The processor comprises means to issue an insurance policy having a risk limit, in exchange for a predetermined first premium from the insured entity, wherein the risk limit is the maximum monetary risk (Sections [0061] and [0065]).

Javerlhac teaches that the premium which is paid by the insured entity is reinvested to a first reinsurer or other investment vehicle (Section [0067]). The examiner takes the position that this step is analogous to transferring from one insurer (or reinsurer) to another reinsurer a portion of the risk. Javerlhac also teaches a step of transferring, from the insurer to a first reinsurer (or investment vehicle acting as a reinsurer), a variable portion of the risk limit, in exchange for a predetermined second premium (the predetermined second premium is the amount of money from the original premium that is invested) (Section [0067]). At the time of the invention, one skilled in the art would have been motivated to transfer the risk to a reinsurer, in order to

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minimize the risk (the events being insured against) on any particular insurance company (entity).

Javerlhac fails to teach the step of an insurance company transferring a portion of the risk to a reinsurer. However, Javerlhac teaches that the annual premium which is collected from the insured by the original insurance company can vary over the duration of the contract, in one embodiment. The examiner therefore takes the position that because the premium can vary the amount of money invested by the insurance company (which is also analogous to the amount of risk that is transferred to a reinsurer) can also vary in one embodiment or the variable portion can decrease over time (Section [0084]).

10. Claims 2-3, 10-11, 15, 17-18, 25-26 and 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over US Patent Application Publication 2002/0077866 to Javerlhac as applied to Claims 1 and 16 above and in further view of The Korean Re Glossary (published online on October 23, 1999).

As per claims 2 and 17, Javerlhac fails to teach the step of transferring a variable portion of the risk from a first reinsurer to a second reinsurer in exchange for a predetermined third premium. In the prior art this technique is commonly known as layering as defined in the online Korean Re Glossary publication.

At the time of the invention one of ordinary skilled in the art would have been motivated to modify the business method system of Javerlhac and add layering or the transfer of risk between multiple reinsurers (as defined in the online Korean Re Glossary publication) in order to spread out the risk between a large pool or reinsurers.



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As per claims 3 and 18, it is commonly known in the art that reinsurers are captive and the examiner takes Official Notice. At the time of the invention, one skilled in the art would have been motivated to make a reinsure captive in order to attract investors to invest in the reinsurer.

As per claims 10 and 25, Javerlhac teaches that the insurer retains a risk amount equal to the risk limit less the variable portion (portion invested in an investment vehicle or paid to reinsurer) (Sections [0067] and [0098]).

As per claims 11 and 26, in Javerlhac the variable attachment point (amount invested by the insurance company—Section [0067]) is at least initially less than the first premium (\$10,000) (Section [0065]).

As per claims 15 and 30, the recited procedures are commonly known in the art as procedures which take place when an event which is insured against occurs and the insurance policy is one which is reinsured by a layering scheme and the examiner takes Official Notice.

11. Claims 4-9 and 19-24 are rejected under 35 U.S.C. 103(a) as being unpatentable over US Patent Application Publication 2002/0077866 to Javerlhac in view of The Korean Re Glossary as applied to Claims 3 and 18 above and in further view Wayfarers: Volume V Canada Heirloom Series (Copyright 1996-Online Edition) (hereafter referred to as Wayfarers).

As per claims 4 and 19, Javerlhac and The Korean Re Glossary fail to teach the practice of reinsurers combining and transferring their assets to form risk pools, however this feature is commonly known in the art as evidenced by Wayfarers which teaches that reinsurance companies frequently band together to participate in one or more reinsurance pools that collectively accept risks larger than any one of the companies. At the time of the invention, one

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skilled in the art would have been motivated to modify the business method model of Javerlhac in view of The Korean Re Glossary and add a pool between the reinsurers in order to enable the reinsurance companies and thus the original insurance company to accept larger risks than any one of the companies as stated in Wayfarers.

As per claims 5-6 and 20-21, when layering is applied to an reinsurance policy as taught in the Korean Re publication it is commonly known in the art that the one of the reinsurers in the layering scheme is a pool administrator (as suggested in Wayfarers) (the entity which determines the premiums and all of the insured entities are pool participants and the examiner takes Official Notice.

As per claims 7 and 22, it is commonly known in the art that reinsurers are captive and the examiner takes Official Notice. At the time of the invention, one skilled in the art would have been motivated to make a reinsure captive in order to attract investors to invest in the reinsurer.

As per claims 8-9 and 23-24, it is commonly known in the art that reinsurer entities focus on a particular industry class since this enables them to more accurately perform risk assessment analysis and the examiner takes Official Notice. Reinsurance is a form of risk transfer used by a wide range of industries including the computer and technology industries.

12. Claims 12-14 and 27-29 are rejected under 35 U.S.C. 103(a) as being applied to Claims 1 and 16 above.

As per claims 12-13 and 27-28, it is commonly known in the insurance and reinsurance art that policies are non-cancelable by either said insurer or the insured entity and wherein the maximum monetary risk is apportioned into maximum yearly risk and maximum risk

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occurrence, such that there is a maximum monetary limit payable to the insured entity per year and per occurrence. The above stated conditions exist in the insurance policy primary to limit the economic harm caused to either the insured entity or the insurance/reinsurance company and the examiner take Official Notice on this feature.

As per claims 14 and 29, the recited procedures are commonly known in the art as procedures which take place when an event which is insured against occurs and the insurance policy is one which is reinsured by a layering scheme and the examiner takes Official Notice.

### ***Conclusion***

13. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

"Reinsurance", 4<sup>th</sup> Edition, RL Carter, LD Lucas & N Ralph, Guy Carpenter & Company, 2000.

14. Any inquiry concerning this communication or earlier communications from the examiner should be directed to **Vivek Koppikar** whose telephone number is **(703) 305-5356**. The examiner can normally be reached on Monday-Friday from 8 AM to 5 PM, Eastern Time.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas, can be reached at (703) 305-9588. The fax phone number for the organization where this application or proceeding is assigned are (703) 872-9306.

15. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR

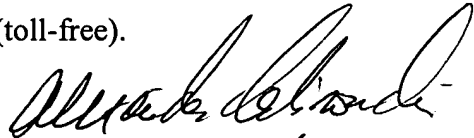
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system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR

system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

  
Vivek Koppikar

5/17/04

  
Alexander L. Anderson  
Art 3626  
Primary Examiner